Private Sector Care Coordination Meeting
24 – 25 August 2004

Status of Venture Capital Process

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PSC Coordination Meeting Status of Venture Capital Process

TRICARE Management Activity

Outline

- Purpose
- Guidance
  - Optimization Project Process
  - MHS Governance Plan
- Proposed Venture Capital Funding
- Conceptual Procedures
  - Application/Monitoring Process
  - Return On Investment (ROI) Tool
- Future Development/Timelines
- Questions

PSC Coordination Meeting Status of Venture Capital Process

Purpose: Provide information regarding the development, use, and proposed procedures for the TRO's Venture Capital funds

PSC Coordination Meeting Status of Venture Capital Process

TRICARE Management Activity

Guidance

- **Optimization Project Objective**
  - **Congressional Intent – "… better utilization of direct care military medical treatment facilities must be a principal component of the Department's future plans to control the explosive cost growth in the Defense Health Program"[1]**
- **MHS Governance Plan**
  - **"Funding of regional initiatives to optimize … delivery of health care through dedicated resources and a disciplined and open business case planning/approval process.**
  - **Opportunities for investment capital can be initiated by the Regional Director, a single MTF Commander or by a Senior Market Manager …."**

Note 1 – 107th Congress, 1st Session, House of Representatives, Report 107-148, Making Supplemental Appropriations for the Fiscal Year Ending September 30, 2001, and for other purposes

PSC Coordination Meeting Status of Venture Capital Process

TRICARE Management Activity

- **Proposed Venture Capital Funding**
  - **FY06 POM Submission**
    - **$30M for Venture Capital Funding**
    - **$10M per CONUS TRO**

PSC Coordination Meeting Status of Venture Capital Process

TRICARE Management Activity

- **Venture Capital (VC) Conceptual Procedures**
  - **Scope of VC initiatives similar to Self-Financing Optimization Projects**
    - **Self-Financing in 3 years … no finance tail**
  - **The MMSO/MTF Business Plans serves as the vehicle for MMSOs or MTFs to submit VC initiatives.**
  - **Service approval of VC initiatives submissions is based on approval of their respective MMSO/MTF Business plans**
  - **VC submissions standardized to the extent possible.**
  - **TROs evaluate VC Initiatives and approve those with the greatest likelihood of attaining ROI/optimizing DC system.**
  - **TROs notify TMA (RM) to transfer funding to respective MMSO/MTF so approved VC initiatives can commence**
  - **TROs periodically monitor VC initiative progress.**
    - **Funding terminated for VC initiatives failing to meet ROI.**

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TRICARE Management Activity

- **Venture Capital Conceptual Procedures**
  - **Return On Investment (ROI) Tool**
    - **Assessing ROI Tool Altarum developed for TMA (RM) to evaluate Population Health Mgt. (PHM) initiatives**
    - **Key Components of tool**
      - **Ease of use**
      - **Appropriate constraints in tool to improve "apples to apples" comparison of VC initiatives. e.g. use standard inflation factors to calculate net present value**
      - **Maximum use of central data bases to populate ROI tool and perform periodic monitoring of VC initiative progress.**

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TRICARE Management Activity

- **Proposed Future Development/Timelines**
  - **September 04**
    - **Work with TROs in finalizing draft Venture Capital (VC) Procedures**
    - **Determine applicability of PHM ROI tool to meet VC initiative requirements.**
  - **1st Qtr, FY05**
    - **Submit draft VC procedures to TMA Senior Leadership and RMSC for review/approval**
    - **Finalize VC ROI tool**
  - **2nd Qtr, FY05**
    - **Publish implementing guidance on VC procedures**
    - **Distribute ROI Tool**

PSC Coordination Meeting
Status of Venture Capital Process

TRICARE Management Activity

QUESTIONS ?